

## **AFRICA AND THE MINING SECTOR – AUSTRALIAN GOVERNMENT VIEWS**

**(A) The Joint Standing Committee on Foreign Affairs, Trade and Defence (JSCFATD) conducted a review into Australia's relations with Africa and presented its findings in June 2011.**

### **Excerpt from AusAID Submission**

Many African countries are constrained from further developing minerals and energy resources by inadequate regulatory frameworks, poor governance and lack of infrastructure. Minerals and energy resources governance has been identified by African governments as an area for assistance and cooperation.

Australia's experience in mining can assist resource-endowed African countries to maintain a profitable, technologically appropriate, and environmentally and socially responsible resource sector. By working closely with African governments, Australia can facilitate the environment to increase skills, employment, community development and sustainable management.

### **Excerpt from DFAT Submission**

Following economic reforms, many African countries have enjoyed strong growth in recent years. Africa is especially rich in resources, offering major economic opportunities, but posing a challenge to governance.

Sustained and effective international engagement will be required for the foreseeable future to assist African countries to tackle their development and, in some cases, security challenges.

Australia's approach to Africa focuses on four priorities:

- enhanced political and diplomatic engagement;
- supporting Africa's efforts to promote economic growth through investment and trade;
- supporting African countries in their efforts to make progress towards the Millennium Development Goals; and
- addressing peace and security challenges in Africa.

### **JSCFATD Recommendation**

DFAT should coordinate regular meetings between AusAID, NGOs, and Australian resources companies engaged in Africa with a view to facilitating aid and development delivery cooperation to take advantage of their differing and complementary strengths.

**(B) During 2010 the Government commissioned an Independent Review of Aid Effectiveness. The review team presented its report in July 2011.**

**The Report of the Independent Review on Aid Effectiveness.**

The private sector can help achieve human development outcomes across a broad spectrum of activities.

**First**, the private sector provides economic opportunities for people in developing economies. The private sector does this through investment in economically productive activities.

Investments made by business result in the following benefits to people in developing economies:

- employment leading to higher household incomes;
- encouraging local enterprise development through demand for local products and services as part of private sector supply chains;
- the potential development of infrastructure required to support commercial activities; and
- the payment of taxes which support the provision of government services including health and education.

**Second**, through corporate social responsibility activities, companies give back to the communities and countries in which they operate. There is a growing consciousness within both the Australian and international business community about the need to take social and development considerations into account when operating in poor countries.

**Third**, there are so-called ‘inclusive businesses’, where companies have both profitable business practices and a specific emphasis on beneficial development outcomes for the poor. These are on the rise.

**Fourth**, businesses and donors can engage in dialogue to identify mutual interests.

The Review Panel agreed with the submission from World Vision Australia that the aid program needs to “harness the power of business”.

The Review Panel believed engagement between business and the Australian aid program has been ad hoc and insufficient. The Review Panel recommended pro-poor sustainable growth and private sector development be one of the four organizing themes of the aid program, with the same status, and therefore requiring the same concerted effort, as other core goals related to human development, governance and humanitarian assistance. In line with this, substantial engagement with the private sector will be required.

The aid program had not been able to construct a constant narrative around its work with the private sector. There is a need for new types of cooperation and partnerships between businesses that desire to engage with the program and government.

A formal dialogue between the aid program and interested business groups will have clear benefits.

“The opportunity to work with and build ongoing relationships with business should be regarded as an asset to the aid program. Improved linkages can make a contribution at a number of levels and for different objectives, which might include:

- coordination between aid program delivery and business investment with the aim of improving the effectiveness of aid outcomes
- sharing of expertise and information about experiences and requirements in different countries and regions
- sharing of resources and infrastructure
- collaboration in the delivery of projects.”

Giving effect to the high-level theme of pro-poor sustainable growth and private sector development will require systematic engagement with the private sector when developing policy and programs.

The Review Panel made four recommendations to help improve engagement between AusAID and private sector organizations in policy and program development.

**First**, a more systematic engagement with private sector organizations should be taken forward under a high-level, overarching policy statement on the role of private sector-led economic growth in the aid program, as recommended by the Study of How the Australian Aid Program Can Strengthen Links with Business and the Private Sector (the Business Study) commissioned by the Review.

**Second**, country/regional analysis or sector strategies must give those parts of the business community engaged in that country or sector an opportunity to provide views. This could be achieved through formal engagement with bodies such as business councils, trade promotion agencies, or chambers of commerce.

**Third**, Australia should integrate business engagement activities into existing AusAID programs, with a focus on leveraging business engagement as a form of aid. For example, the volunteer program involves deploying professional business volunteers overseas. Such approaches could be significantly expanded as a targeted approach to engaging with business, leveraging the intellectual and administrative capacity of business in development activities. Volunteering, in the domestic context, is a strategy already used by many businesses as part of corporate social responsibility strategies.

**Fourth**, the aid program should consider establishing a facility to assist Australian businesses seeking corporate social responsibility and/or inclusive business opportunities in developing countries. This could provide information on local context and capacity in developing countries, or link businesses with relevant organizations.

### **Government Response to the Independent Aid Review**

The Government did not fully endorse all of the recommendations of the Independent Review in respect of relations with the private sector but AusAID has made important progress in strengthening its links, and it has focused much attention on the supporting the development of the mining sector in Africa.

### **The Mining for Development Initiative and Related Developments**

The mining sector has considerable potential to help reduce poverty and accelerate human development, through increasing government and community revenues, generating employment, and providing physical and human infrastructure.

Sustainable economic development is one of the five strategic goals of the Australian aid program. Australia's approach to mining in development is focusing on increasing the capacity of governments to address institutional and policy challenges.

Australia is sharing its significant expertise and experience in mining to assist resource rich developing countries to maximise the benefits and opportunities of mining. This is assistance that builds sustainability, prosperity and wealth for the future.

AusAID has said that it will work with partners that foster dialogue between communities, mining companies, researchers and governments to ensure that mining investment produces sustainable local development.

AusAID launched an Annual Consultative Forum with Business in August 2012. AAMIG participated in that Forum and we look forward to further exchanges (including we hope a AUSAID/AAMIG meeting in Perth in 2013) to explore options/processes for more effective cooperation.

AAMIG also participated in CARDNO's Mining Consultation Initiative in Canberra in December 2012, which provided an opportunity to share experiences and explore opportunities for future cooperation with the mining sector.

AAMIG continues to actively monitor developments in this area.